

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
PRIORITY MAIL EXPRESS CONTRACT 31 (MC2016-61)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2016-76

**NOTICE OF UNITED STATES POSTAL SERVICE OF  
AMENDMENT TO PRIORITY MAIL EXPRESS CONTRACT 31,  
WITH PORTIONS FILED UNDER SEAL**  
(January 5, 2017)

The Postal Service hereby provides notice that the terms of Priority Mail Express Contract 31, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Express Contract 31 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

This amendment will not have a material effect on the cost coverage of Priority Mail Express Contract 31. Therefore, the supporting financial documentation and financial certification initially provided in this docket remain applicable. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the material that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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January 5, 2017

**ATTACHMENT A**

**REDACTED AMENDMENT TO PRIORITY MAIL EXPRESS CONTRACT 31**

**AMENDMENT #1**  
**OF**  
**SHIPPING SERVICES CONTRACT**  
**BETWEEN**  
**THE UNITED STATES POSTAL SERVICE**  
**AND**  
[REDACTED]  
**REGARDING**  
**PRIORITY MAIL**

WHEREAS, the United States Postal Service ("the Postal Service") and [REDACTED] ("Customer") entered into a shipping services contract regarding Priority Mail on December 21, 2015.

WHEREAS, the Parties desire to amend the terms in Sections I.E, I.F, I.G (including Table 1), I.H (including Table 2), I.I, and III of the contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.E, I.F, I.G (including Table 1), I.H (including Table 2), I.I, and Section III in their entirety, as follows:]

**I. Terms**

**E. Volume Commitment.**

1. Beginning January 8, 2017, until the second anniversary of the Contract's effective date, Customer should ship at least [REDACTED] Contract Packages. Following the second anniversary of the Contract's effective date, Customer should ship [REDACTED] Contract Packages per Contract Year through the remaining term of the Contract.

- F. Signature Confirmation:** Customer will pay the prevailing published rate for Signature Confirmation service, less [REDACTED], per request, throughout the term of the Contract, on Customer's Contract Packages.

- G.** The terms and prices contained herein will take effect on the effective date as defined in Section II. The Contract Quarters are defined below in Table 1:

**Table 1**

Period Name	Start of Period	End of Period
Quarter 1	January 1 <sup>st</sup>	March 31 <sup>st</sup>
Quarter 2	April 1 <sup>st</sup>	June 30 <sup>th</sup>
Quarter 3	July 1 <sup>st</sup>	September 30 <sup>th</sup>
Quarter 4	October 1 <sup>st</sup>	December 31 <sup>st</sup>

- H. Contract Package Prices. The following prices apply to Customer's Contract Packages from the latter of: 1) this amendment's effective date or 2) the first anniversary of the contract's effective date, until January 8, 2018, with Contract Prices subject to quarterly adjustment pursuant to Sections I.H.1-3.

1. Average Zone for Priority Mail Contract Packages. The Postal Service will calculate the average zone of Priority Mail Contract Packages for the previous four (4) Contract Quarters (with Local, 1, 2 counted as Zone 2). If the average zone exceeds [REDACTED] then Priority Mail Contract Prices for the subsequent Contract Quarter will increase by the percentage increase over [REDACTED]. The subsequent Contract Quarter's Priority Mail Contract Prices for Rate Categories [REDACTED] will be calculated by the Postal Service and rounded up to the nearest whole cent. For example, if the average zone is [REDACTED] then the subsequent Contract Quarter Priority Mail Contract Prices will increase [REDACTED] [REDACTED]. Until four (4) full Contract Quarters have elapsed, the average zone will be calculated on full Contract Quarters that have elapsed.
2. Average Weight for Priority Mail Contract packages. The Postal Service will calculate the average weight of Priority Mail Contract Packages for the previous four (4) Contract Quarters. If the average weight exceeds [REDACTED] then Priority Mail Contract Prices for the subsequent Contract Quarter will increase by the percentage increase over [REDACTED]. The subsequent Contract Quarter's Priority Mail Contract Prices will be calculated by the Postal Service and rounded up to the nearest whole cent. For example, if the average weight is [REDACTED] then subsequent Contract Quarter Priority Mail Contract Prices will increase [REDACTED] [REDACTED]. Until four (4) full Contract Quarters have elapsed, the average zone will be calculated on full Contract Quarters that have elapsed.

3. In the event that the average zone exceeds [REDACTED] and the average weight exceeds [REDACTED], as calculated pursuant to Sections I.H.1 and I.H.2 above, the subsequent Contact Quarter Priority Mail Contract Prices will increase pursuant to both Section I.H.1 and Section I.H.2. The subsequent Contact Quarter's Priority Mail Contract Prices will be calculated by the Postal Service and rounded up to the nearest whole cent. For example, Year 1, Quarter 2 sampling results in an average zone of [REDACTED] and average weight of [REDACTED]. The Year 1, Quarter 3 Priority Mail Contract Prices will increase from [REDACTED]

#### **I. Annual Adjustment**

1. For subsequent years of the contract, beginning on January 8, 2018 and continuing on future anniversaries of the contract's effective date, customized Priority Mail prices (Table 2) under this contract will be the lesser of: a) the previous year's prices plus the most recent (as of the anniversary date) percentage change in prices of general applicability for Priority Mail Commercial Base, as calculated by the Postal Service, or b) the previous year's prices plus [REDACTED]
2. Customized prices for subsequent years will be calculated by the Postal Service and rounded up to the nearest whole cent. If the Postal Service maintains or decreases published prices of general applicability for Priority Mail Commercial Base, there shall be no change to the contract prices for that contract year.

#### **III. Expiration and Termination**

This contract shall expire four (4) years from the effective date, unless 1) terminated by either Party with thirty (30) days' notice to the other Party in writing, 2) renewed by mutual agreement in writing, 3) superseded by a subsequent contract between the Parties, 4) ordered by the Commission or a court, or 5) required to comply with subsequently enacted legislation.

If, at the conclusion of this contract term, both Parties agree that preparation of a successor SSC is active, the SSC will be extended for up to two (2) ninety (90) day periods with official notification to the Commission at least seven (7) days prior to the contract's expiration date. Upon both Parties' agreement to the extension, the escalation clause in Section I.I. will be implemented throughout the extension period.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: \_\_\_\_\_

Printed Name: Cliff Rucker

Title: Senior Vice President, Sales and Customer Relations

Date: \_\_\_\_\_

12/29/16

